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CENTRAL

INTELLIGENCE

BULLETIN



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24 JANUARY 1958

USSR makes economic aid offer to
Pakistan.

Venezuela - Military junta faces
difficulties in restoring order.

Guatemalan Congress convenes to
select president.



OTHER ITEMS

Hungary may bring non-Communist
puppets into government.

Egyptian-Syrian union proposals
still under discussion in Cairo
and Damascus.

Syrian defense minister continues
efforts to form "progressive" party.

Lebanon - Pro-Egyptian and Syrian
elements believed responsible for
nuisance bombings.

France - Gaillard government faces
tough opposition in National Assembly.

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CENTRAL INTELLIGENCE BULLETIN

24 January 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

X The USSR has approached Pakistan with its first proposal for economic aid since June 1956. The Soviet parliamentary delegation now visiting Karachi has publicly offered to extend technical assistance in the fields of irrigation, soil conservation, and reclamation, all areas of special interest to Pakistan. Pakistan has rejected previous Soviet approaches, and is likely to do so again.

(CONFIDENTIAL)

DR The Hungarian regime may bring some non-Communist figureheads into the government at an extraordinary session of the National Assembly next week in an attempt to impress world public opinion. A trial of ex-Premier Nagy may have been postponed for the same reason. (SECRET NOFORN)

(Page 1)

On the basis of findings by its Watch Committee, as of 23 January 1958, the Intelligence Advisory Committee concludes that:

X

- A. No Sino-Soviet bloc country intends to initiate hostilities against the continental US or its possessions in the immediate future. (This paragraph of the Watch Committee conclusions has not changed since the week of 15-20 November 1956. Conclusions will be published in the CENTRAL INTELLIGENCE BULLETIN in the future only when there is a change.)
- B. No Sino-Soviet bloc country intends to initiate hostilities against US forces abroad, US allies or areas

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peripheral to the orbit in the immediate future.
(This paragraph has not changed since the week
of 17-23 October 1957. Conclusions will be pub-
lished in the future only when there is a change.)

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II. ASIA-AFRICA

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Egyptian-Syrian union proposals continue to receive top attention in Cairo and Damascus. Nasir remains basically wary of the project and is concerned over the spread of pro-Communist influence represented by Bizri and Azm in Syria. However, he is evidently going along with the general idea of union as a means of keeping Syria under his control. In Damascus, Foreign Minister Bitar insists that plans for full union will be developed and carried through. (SECRET NOFORN)

jk
~~X~~
Syria's pro-Soviet Deputy Prime Minister Azm is continuing his efforts to form a new "progressive" party despite sharp criticism from nationalists and socialists. Azm presumably realizes that Nasir is moving against him, and his move is probably aimed at providing a means whereby members of Syria's technically illegal Communist party can work legally either as part of a future one-party system like Egypt's or as an element in Syria's ordinary political spectrum. (SECRET NOFORN) (Page 2)

~~X~~
Bombings in Lebanon aimed at creating general unrest and preventing pro-Western President Chamoun from seeking a second term are continuing. Repeated occurrence of such explosions, attributed to pro-Egyptian and Syrian subversive elements, may result in the establishment of martial law. (CONFIDENTIAL)

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On the basis of findings by its Watch Committee, as of 23 January 1958, the Intelligence Advisory Committee concludes that:

C. 1. A deliberate initiation of hostilities in the Middle East is unlikely in the immediate future. However, tensions in the Middle East continue to create possibilities for serious incidents. (This paragraph of the Watch Committee conclusions has not changed since the week of 27 November - 4 December 1957. Conclusions will be published in the future only when there is a change.)

2. There is no evidence of Sino-Soviet intention to become militarily involved in the Indonesian situation. However, there are continuing opportunities for an expansion of Sino-Soviet bloc influence in Indonesia as evidenced by Indonesian purchasing missions still negotiating for bloc military equipment. Although Indonesian Communists are exploiting political instability and economic deterioration, which continue to provide opportunities for a Communist take-over on Java, there is no evidence that this is likely to take place in the immediate future. (This paragraph has not changed since the week of 9-15 January 1958. Conclusions will be published in the future only when there is a change.) (TOP SECRET)

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24 Jan 58

DAILY BRIEF

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Approved For Release 2001/11/20 : CIA-RDP79T0097A003500440001-4

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III. THE WEST

~~X~~
~~AK~~
~~FR~~
Premier Gaillard's position remains precarious despite the National Assembly's 334-to-226 endorsement of his foreign policies on 22 January. He expects little difficulty in the debate on the Algerian statute beginning 24 January, but assembly antipathy to the proposed constitutional reforms will probably increase opposition on the Algerian and other issues in the next few weeks. (CONFIDENTIAL)

The five-man military junta which took control of Venezuela on 23 January has indicated it will relax ex-President Perez' strict controls. Two civilians have since been added to the ruling group. The restoration of order, its first task, will be difficult because of continuing clashes between the secret police and crowds. Political stability now depends largely on the cooperation of military and civilian elements in organizing a transitional government. (SECRET) (Page 3)

~~FR~~
Cruz Salazar's backers admit General Ydigoras won a plurality in the 19 January Guatemalan presidential election. Congress is now meeting to review the election results. (SECRET) (Page 4)

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I. THE COMMUNIST BLOC

Hungary Assuming Pose of Reasonableness

In an effort to impress world public opinion with its reasonableness, Hungary may broaden its government to include non-Communist figureheads, possibly at the session of the National Assembly announced for 27 January. The regime's concurrent statement that former Premier Imre Nagy is still in Rumania suggests for the same reason that the regime may not plan to bring Nagy to trial in the immediate future. These developments do not mean, however, that the prevailing hard-line policy necessarily will be changed.

Party First Secretary Kadar may relinquish the premiership to long-time Communist stalwart Ferenc Muennich, present first deputy premier, at the National Assembly session. Such a move would bring Hungary in line with the usual bloc practice of separating the party and government functions, and enable the regime to end the emergency situation which has prevailed since the national uprising. Muennich's recent speeches and interviews suggest that he is slated to become head of the government.

A postponement of the Nagy trial could be intended to please the Yugoslavs and facilitate the holding of Kadar-Tito talks for which Budapest has been pressing. (SECRET NOFORN)



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24 Jan 58 CENTRAL INTELLIGENCE BULLETIN Page 1

SECRET

Approved For Release 2001/11/20 : CIA-RDP79T00976A003500440001-4

II. ASIA-AFRICA

Syrian Political Developments

Syria's pro-Soviet Deputy Prime Minister Azm is continuing his efforts to form a new 'progressive' party, despite a barrage of criticism from nationalists and socialists who assert that party activity should now be "frozen" in order to facilitate Egyptian-Syrian union. Azm's move is probably intended to provide members of the technically illegal Communist party, as well as his personal followers and army allies, with a legal cover which would enable them to gain the fullest possible representation in any one-party system if union is effected, or in the Syrian parliamentary elections if these should take place this year.

Azm's maneuvers are likely to add to the sense of urgency which some Syrians have expressed concerning the need for Syrian-Egyptian union to counter Communist influence.

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its leaders feel union with Egypt would provide almost the last chance for a "cleanup" of Communists in Syria. The group believes that if Nasir should back out, it would have no choice but to try a coup despite its serious doubts about its civilian and military support. (SECRET NOFORN)

25X1A

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Approved For Release 2001/11/20 : CIA-RDP79T00975A003500440001-4

24 Jan 58 CENTRAL INTELLIGENCE BULLETIN Page 2

SECRET

Approved For Release 2001/11/20 : CIA-RDP79T009A003500440001-4

III. THE WEST

Venezuelan Junta Faces Difficulties in Restoring Order

The junta which took control of Venezuela on 23 January faces a formidable task in restoring order before it can carry out its announced intention of relaxing the strict controls exercised by ex-President Perez.

The original five-man junta which comprised representatives of all armed forces components has already, however, named two additional civilian members, appointed an almost entirely civilian cabinet, released many political prisoners, lifted strict censorship, and restored to rank the officers involved in the 1-2 January revolt. The dislike for military rule which the public acquired under the harsh Perez regime may be somewhat dissipated by the support the armed forces gave the public attack on 23 January on the hated secret police.

Political stability will depend largely on the cooperation of military and civilian elements in organizing a transitional government. Exiled chiefs of the principal political parties, who reportedly have been conferring in the United States on unified action, may be allowed to return to Venezuela shortly and are likely to take prominent roles, possibly in connection with changes in the composition of the junta. They include two former presidents, Romulo Betancourt and Romulo Gallegos, belonging to the outlawed leftist but non-Communist Democratic Action party.

feeling against foreigners, including Americans, is being increasingly expressed on the basis of a decree which permitted resident foreigners to vote in last December's plebiscite.

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The Postelection Dilemma in Guatemala

The latest unofficial returns from the 19 January elections in Guatemala indicate that rightist General Ydigoras has obtained about 40 percent of the nearly 450,000 votes cast for president. Center contender Cruz Salazar follows with about 30 percent and leftist Mendez Montenegro is a close third with about 29 percent.

Backers of Cruz and Mendez both concede that Ydigoras won a plurality, but Cruz partisans charge that questionable maneuvers on election day cost Cruz at least 50,000 votes--enough to have given him a plurality. Among the charges are that local officials impounded trucks which had been rented to carry pro-Cruz voters to the polls and that just before the election Ydigoras airplanes dropped leaflets over a wide area announcing that Cruz had withdrawn from the race.

Cruz is expected to exploit these charges in an effort to have congress name him president-elect. Congress is meeting to study the election results and is responsible for choosing between the two leading candidates, since no one won a majority. The pro-Cruz sympathies of the majority in congress could be offset by pressure from President Flores, [REDACTED]

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Ydigoras has clearly implied that, if he is not chosen by congress, his supporters will take to the streets and fight.

Cruz partisans fear reprisals if Ydigoras comes to power. They are probably armed and might use force in an attempt to keep Ydigoras from taking office. (SECRET)

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Approved For Release 2001/11/20 : CIA-RDP79T00975A003500440001-4

24 Jan 58 CENTRAL INTELLIGENCE BULLETIN Page 4

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